YWCB

YUKON WORKERS' COMPENSATION BOARD

1986 ANNUAL REPORT

90-01396/

ANNUAL REPORT of THE WORKERS' COMPENSATION BOARD for the Year Ended December 31, 1986

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BRIAN BOOTH, CHAIRMAN

Brian Booth was appointed as Chairman of the Board on January 1, 1983. Prior to this appointment he held the position of Executive Director to the Board.

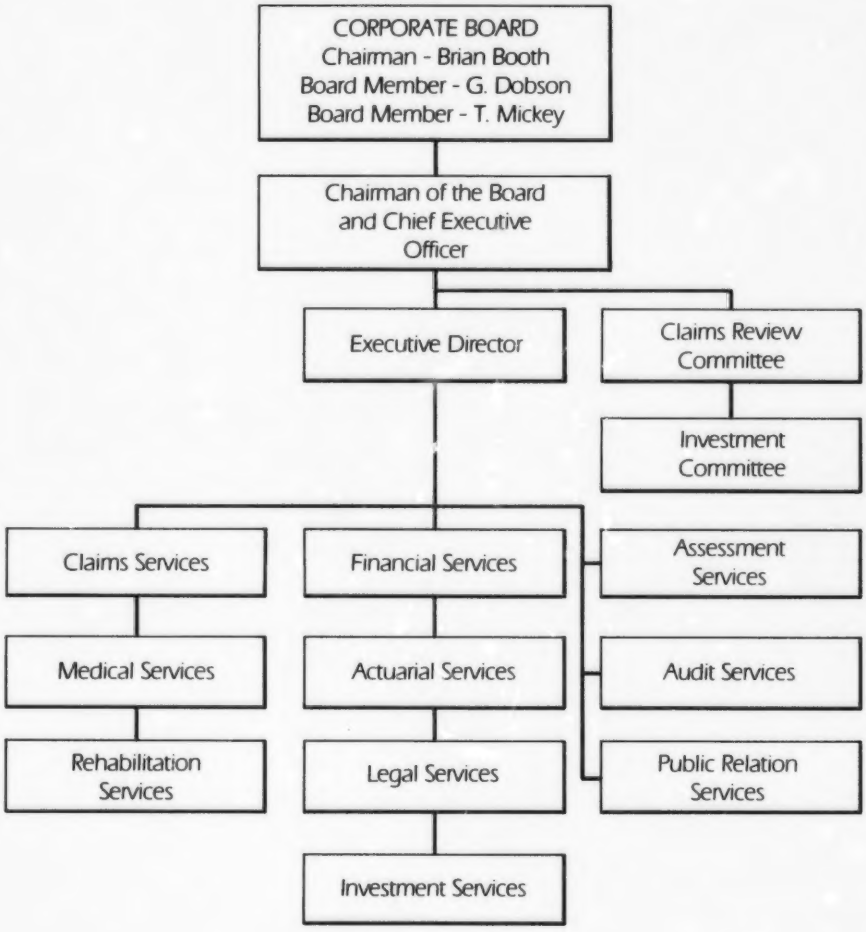
GERRY DOBSON, MEMBER

Gerry Dobson represents labour on the Board. He was president of Local 926, United Steel Workers of America and was active in management-labour safety committees. He was appointed to the Board on June 1, 1981.

THOMAS MICKEY, MEMBER

Thomas Mickey who represents industry on the Board is the owner of a trucking company, and has been a Director of the Yukon Transportation Association. He was appointed to the Board on September 1, 1984.

WORKERS' COMPENSATION BOARD 1986



To: **THE HONOURABLE R. KIMMERLY**
MINISTER OF JUSTICE
GOVERNMENT OF YUKON

In accordance with Section 10.1(9) of the Workers' Compensation Act, the Workers' Compensation Board is pleased to present it's Annual Report for the year ended December 31, 1986.

The purpose of the Workers' Compensation Act is to provide compensation to the worker for wage loss due to disability from personal injury by accident arising out of employment without recourse to litigation. It ensures promptness and certainty of payment to the worker or dependents without unduly burdening the employer. During 1986 the Board continued to pursue it's goal of providing the highest standard of service to injured workers.

Compensation is administered by the Yukon Workers' Compensation Board, a corporate entity by statute. Accident costs include compensation, medical aid and rehabilitation, physical impairment awards, fatal and survivors benefits and the cost of administration and accident prevention. These are paid from assessments levied on employers together with earnings realized on investments.

FINANCE

The Compensation Fund is maintained as a trust fund, distinct and separate from the general account of the Yukon Consolidated Revenue Fund.

Board policy is to fully fund the cost of all accidents in the year in which they occur, so that at all times there will be no unfunded liability in respect of prior year's accidents. Meeting such unfunded liability in an economic downturn could impose undue hardship on the remaining employers. So the Board is pleased to report that this policy has been successful.

In 1986, the Board obtained professional investment advice in order to take advantage of the prevailing rates of interest. In keeping with Board Policy the investment portfolio is managed and in the custody of independent professional investment counsellors. Although it is an integral part of the Compensation Fund, a portion of the investment portfolio has been designated to match the outflow of pension payments for the next twenty years. This part of the portfolio uses a combination of both full bonds, and stripped coupons from Government of Canada bonds, and has locked in a compound rate of return of about 13% over the next twenty years without any need for the reinvestment of interest payments.

The cash flow from these bonds and coupons is sufficient to meet the expected payments to existing pensioners, including a substantial allowance for future automatic cost of living increases. The portfolio is rebalanced at least annually to take into account changes in the expected outgo for pension payments.

For the balance of the assets in the Compensation Fund it is the policy of the Board to follow the advice of the independent investment counsellors, under the direction of the Board's investment committee.

INCREASED BENEFITS

Increases in the amounts of compensation resulted from the provisions of Section 79 whereby the amounts of compensation are increased in accordance with changes in the Consumer Price Index. The amount of increase at January 1, 1986 was 4.0%

- Lump sum payments to dependant widows or widowers who remarry were increased to $7,019 from $6,749.
- Pensions to dependant widows or widowers were increased to $747 from $718 per month.
- Pensions to dependant children were increased to $190 from $183 per month.
- Payments to dependant widows or widowers for additional expenses resulting from the death of a worker were increased to $1,402 from $1,348
- Payments for necessary burial expenses were increased to $1,605 from $1,543
- Payments for transportation of body where necessary in fatal accidents were increased to $283 from $272.
- Existing pensions for permanent disability were increased by 4.0%.

LEGISLATED INCREASE

Effective December 18, 1986 Section 30 was amended to increase base pensions as follows:

- Pensions to dependant widows or widowers were increased to $1,000 from $747 per month.
- Pensions to dependant children were increased to $300 from $190 per month.

CLAIMS

An employee covered under workers' compensation, if totally disabled longer than the day of the accident, is entitled to compensation computed at the rate of 75 percent of the worker's average yearly earnings paid from the date following the accident and for the duration of disability. The maximum earnings used for computation of compensation during 1986 was $31,000 per annum. The minimum compensation payable for disability was $132 per week.

The total number of claims reported to the Board during 1986 was 1,420 compared with 1,040 during the year 1985. There was one fatal accident during 1986. Accidents reported for the period 1976 to 1986 inclusive, were as follows:

YEAR	ACCIDENTS REPORTED	FATAL ACCIDENTS	PERMANENT AWARDS
1976	1,426	4	36
1977	1,536	2	24
1978	1,706	5	29
1979	1,778	4	29
1980	1,939	6	30
1981	2,018	6	45
1982	1,354	7	40
1983	1,059	1	32
1984	1,029	1	22
1985	1,040	2	23
1986	1,420	1	28

ASSESSMENTS

During 1986, the Board continued to hold meetings with interested employers and associations before finally determining the rate of assessment applicable to the various classes of industry.

Assessment rates are established after considering the cost experience, the financial position of the industry classification, and the reserves required for outstanding claims and pensions.

The financial results for the year indicated a surplus in the operating reserve of Classification 2. Assessment rate for the Heavy Construction industry class was decreased at January 1, 1986 from $6.00 to $5.50. All other classifications remained unchanged.

The maximum assessable earnings for 1986 were $31,000 per annum. The minimum coverage available to independent operators and active directors of limited liability companies was $17,500 per annum.

The following table indicates assessment payrolls for the years 1977 to 1986 inclusive:

YEAR	EMPLOYERS REGISTERED	MAXIMUM EARNINGS	PAYROLLS REPORTED
1977	1,375	13,000	84,710,000
1978	1,451	17,000	100,272,000
1979	1,347	19,000	155,492,000
1980	1,782	19,000	178,453,000
1981	1,963	21,000	212,757,000
1982	2,061	24,000	199,304,000
1983	1,545	25,000	182,698,000
1984	1,915	27,000	201,312,000
1985	1,465	28,500	200,093,000
1986	1,675	31,000	246,647,000

APPEALS

If a worker, dependant or employer is dissatisfied with the initial decision on a claim, they may request a review by the Claims Review Committee, which is composed of senior members of the Board staff. A written explanation of their decision is provided, and the person is informed of their right of further appeal to the Board. During 1986, the Board considered 22 appeals (1985 - 46 appeals), and the Claims Review Committee reviewed 10 claims (1985 - 9).

When there is a difference of opinion on medical issues, under Section 22 of the Act, the case is referred to an independent specialist. During the year, 5 cases were referred (1985 - 7).

REHABILITATION

Rehabilitation services provide an important aid in the workers' recovery from the effects of accident and industrial injury. The aim is to restore the workers' health and physical function to the greatest possible extent and to aid their return to meaningful and productive employment.

Physical rehabilitation involves therapy treatment as prescribed by the attending physician, such as physiotherapy. Occupational rehabilitation includes retraining workers to resume pre-accident employment with the original employer, training injured workers to provide new skills within their capabilities, and their placement in suitable employment with other employers.

The Board appreciates the active and willing cooperation of those employers who assisted in the placement of workers and the upgrading of skills. During this year, 8 cases were referred for physical rehabilitation and 6 cases for vocational rehabilitation.

GENERAL

During the year, the Board continued to cooperate with the Occupational Health and Safety Division of the Government of Yukon. The Board paid to the Government of Yukon the amount of $90,000, compared to $95,000 in 1985, to cover the costs of the program. First Aid courses were offered at no charge to workers under the Workers' Compensation Act.

The assistance received from the Auditor General of Canada and his staff was very much appreciated.

The Workers' Compensation Board would like to take this opportunity to express appreciation and acknowledge the work of their staff without whose dedication effective administration of the Act would not have been possible.

The Board would also like to thank the injured workers, employers, the medical profession and trade unions for their cooperation received during the year.

Respectfully submitted,

Brian Booth, Chairman

Gerry Dobson, Board Member

Thomas Mickey, Board Member

EXHIBIT "A"
MONTH OF OCCURENCE OF ACCIDENTS REPORTED
January 1 - December 31, 1986

CLASS	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	TOTAL
1	9	11	13	14	10	24	27	25	31	27	30	26	247
2	9	3	8	10	6	16	32	30	27	28	18	12	199
3	4	2	3	2	6	11	13	13	16	12	12	7	101
4	8	6	4	10	17	7	20	22	13	14	12	11	144
Gov't	14	12	10	20	16	21	12	14	12	16	20	12	179
6	18	12	22	31	15	25	41	22	20	17	18	13	254
7	5	2	7	7	3	9	4	8	7	6	1	3	62
NC	13	13	7	12	14	33	30	30	23	21	21	17	234
TOTAL	80	61	74	106	87	146	179	164	149	141	132	101	1,420

EXHIBIT "B"
NATURE OF INJURY IN ACCIDENTS REPORTED
January 1 - December 31, 1986

CLASS	AMPUTATION	CHEMICAL BURN	BURN	CONCUSSION	BRUISE	LACERATION	DISLOCATION	FRACTURE	HERNIA	ABRASION	SPRAIN	MULTIPLE	HEARING	POISONING	UNID
1	1	8	7	—	42	34	3	7	2	33	79	5	2	1	
2	2	2	3	—	37	29	2	21	—	20	62	7	1	1	
3	—	2	1	—	14	28	2	8	2	13	24	2	—	1	
4	—	2	—	—	18	32	—	5	2	25	49	2	—	—	
Gov't	—	—	5	—	33	33	1	9	1	14	57	6	4	1	
6	3	2	22	2	37	96	3	6	2	19	53	2	—	—	
7	—	1	1	—	14	11	—	1	—	5	24	—	—	1	
NC	—	2	5	3	35	40	—	12	1	30	66	3	14	—	
Total	6	19	44	5	230	303	11	69	10	159	414	27	21	5	

EXHIBIT "C"
PARTS OF BODY AFFECTED IN ACCIDENTS REPORTED
January 1 - December 31, 1986

CLASS	HEAD	EAR	EYE	FACE	SCALP	NECK	ARM	WRIST	HAND	FINGER	ABDOMEN	BACK	CHEST	HIP	SHOULDER	LEG	KNEE
1	—	6	44	19	3	3	17	3	8	20	2	43	4	—	1	28	18
2	—	—	21	9	9	3	8	8	16	34	—	31	8	2	2	25	7
3	—	—	16	4	1	—	8	3	1	22	—	10	5	—	1	14	5
4	—	1	24	4	3	4	5	6	10	19	1	22	4	2	1	12	13
Gov't	—	4	25	12	1	3	5	1	5	23	3	31	5	2	2	14	16
6	—	1	24	3	2	6	15	4	39	72	1	25	2	—	3	20	12
7	—	—	2	2	—	—	2	1	6	14	1	15	—	—	1	11	2
NC	1	14	31	4	8	3	14	7	13	32	2	30	5	1	8	22	18
TOTAL	1	26	187	57	27	22	74	33	98	236	10	207	33	7	19	146	91

EXHIBIT "B"
NATURE OF INJURY IN ACCIDENTS REPORTED
January 1 - December 31, 1986

SE	LACERATION	DISLOCATION	FRACTURE	HERNIA	ABRASION	SPRAIN	MULTIPLE	HEARING	POISONING	UNIDENTIFIED	ASBESTOS	RADIATION	TOTAL
	34	3	7	2	33	79	5	2	1	21	—	2	247
	29	2	21	—	20	62	7	1	1	11	—	1	199
	28	2	8	2	13	24	2	—	1	3	—	1	101
	32	—	5	2	25	49	2	—	—	6	1	2	144
	33	1	9	1	14	57	6	4	1	13	—	2	179
	96	3	6	2	19	53	2	—	—	7	—	—	254
	11	—	1	—	5	24	—	—	1	4	—	—	62
	40	—	12	1	30	66	3	14	—	16	1	6	234
0	303	11	69	10	159	414	27	21	5	81	2	14	1,420

EXHIBIT "C"
TS OF BODY AFFECTED IN ACCIDENTS REPORTED
January 1 - December 31, 1986

ARM	WRIST	HAND	FINGER	ABDOMEN	BACK	CHEST	HIP	SHOULDER	LEG	KNEE	FOOT	LUNG	MULTIPLE	TOTAL
17	3	8	20	2	43	4	—	1	28	18	11	1	16	247
8	8	16	34	—	31	8	2	2	25	7	9	1	6	199
8	3	1	22	—	10	5	—	1	14	5	8	—	3	101
5	6	10	19	1	22	4	2	1	12	13	7	1	5	144
5	1	5	23	3	31	5	2	2	14	16	10	1	16	179
15	4	39	72	1	25	2	—	3	20	12	14	—	11	254
2	1	6	14	1	15	—	—	1	11	2	2	—	3	62
14	7	13	32	2	30	5	1	8	22	18	7	4	10	234
74	33	98	236	10	207	33	7	19	146	91	68	8	70	1,420

EXHIBIT "D"
PERMANENT DISABILITY AWARDS
January 1 - December 31, 1986

CLASS	EYE	FINGER	ELBOW	HAND	FOOT	KNEE	BACK	NECK	HEARING	1986 TOTAL	1985 TOTAL
1	1	2	—	1	—	—	—	—	4	8	6
2	—	—	1	1	1	—	—	—	—	3	7
3	—	1	—	—	—	—	1	1	1	4	1
4	—	—	—	—	1	—	—	—	1	2	2
Gov't	—	1	—	—	—	—	2	—	4	7	3
6	—	1	—	—	—	1	—	—	—	2	4
7	—	—	—	—	—	1	1	—	—	2	—
Total	1	5	1	2	2	2	4	1	10	28	23

EXHIBIT "E"
TYPE OF ACCIDENT CAUSING FATAL CLAIMS

YEAR	CLASS	AGE	CAUSE
1986	4	56	Motor Vehicle Accident
1985	4	25	Exposure
	2	45	Motor Vehicle Accident

EXHIBIT "F"
1986 ACCIDENTS REPORTED
by Geographical Region

	1986	1985
Carcross Region	35	8
Dawson City Region	131	96
Faro Region	242	18
Haines Junction Region	19	14
Mayo Region	18	11
Outside Yukon	40	28
Watson Lake Region	41	60
Whitehorse Region	794	696
Unclassified	100	109
TOTAL	1,420	1,040

EXHIBIT "G"
NUMBER OF COMPENSATION DAYS PAID IN 1986
by Class and Year of Accident Occurrence

			Prior to		Total Compensation Days Paid	
CLASS	1986	1985	1986	1985	1986	1985
1	634	2,022	3,611	1,589	4,245	3,611
2	1,062	1,397	6,825	5,428	7,887	6,825
3	533	1,512	2,667	1,155	3,200	2,667
4	500	451	2,037	1,586	2,537	2,037
Gov't	166	547	2,091	1,544	2,257	2,091
6	769	664	3,077	2,413	3,846	3,077
7	120	476	790	314	910	790
TOTAL	3,784	7,069	21,098	14,029	24,882	21,098

EXHIBIT "H"
DAYS OF ADJUDICATION BY INJURY
January 1 - December 31, 1986

INJURY	TOTAL PROCESSING DAYS		CLAIMS SETTLED		AVERAGE DAYS TO ADJUDICATION	
	1986	1985	1986	1985	1986	1985
Amputation	394	163	5	2	79	82
Burn	1,319	1,560	41	30	32	52
Electrical Burn	53	39	3	1	18	39
Concussion	121	513	5	5	24	103
Bruise	7,062	5,935	216	129	33	46
Laceration	7,420	8,930	288	190	26	47
Dislocation	487	742	11	9	44	82
Fracture	3,456	1,095	60	26	58	42
Hernia	83	236	6	4	14	59
Abrasion	3,515	4,148	156	101	23	41
Sprain	16,410	13,261	418	233	39	57
Multiple Injuries	1,070	780	19	19	56	41
Other Occupational Injury	971	575	31	12	31	48
Chemical Burn	462	192	19	5	24	38
Dermatitis	382	83	8	1	48	83
Hearing Impairment	495	328	6	2	83	164
Bursitis	38	24	1	1	38	24
Poisoning	121	174	5	3	24	58
Silicosis	95	142	1	1	95	142
Asbestos	21	1,177	1	14	21	84
Other Occupational Illness	712	392	13	10	55	39
Non Personal Damages	1,347	497	20	5	67	99
Unidentified	234	—	6	—	39	—
TOTAL	46,268	40,986	1,339	803	35	51

EXHIBIT "I"
COMPARISON OF 1986 TIME LOST CLAIMS & MEDICAL AID ONLY CLAIMS

CLASS	TIME LOST CLAIMS		NO TIME LOST CLAIMS	
	1986	1985	1986	1985
1	82	38	165	49
2	69	51	130	79
3	43	45	58	61
4	36	25	108	68
Gov't	14	15	165	180
6	55	49	199	170
7	20	21	42	56
NC	—	—	234	133
TOTAL	319	244	1,101	796

EXHIBIT "J"
SUMMARY OF CLAIMS ADMINISTERED

	1986	1985
Claims under Active Administration at January 1	857	583
Plus:		
Accidents Reported	1,420	1,040
Claims Reopened	36	37
Total Claims Administered During the Year	2,313	1,660
Less:		
Claims Settled (Closed) During the Year	1,259	803
Claims under Active Administration at December 31	1,054	857

EXHIBIT "K"
ASSESSABLE PAYROLLS
FOR THE YEAR ENDED DECEMBER 31

CLASS	1986	1985
	(thousands of dollars)	(thousands of dollars)
1	$27,411	$12,096
2	27,257	19,185
3	11,815	10,637
4	18,049	14,819
Gov't	80,864	69,012
6	48,227	43,762
7	33,024	30,582
TOTAL	$246,647	$200,093

EXHIBIT "L"
CLASSIFICATION OF INDUSTRIES
AND ASSESSMENT RATES
(Per $100.00 of Payroll)

CLASS	INDUSTRY RATE 1986	1985
1. MINING	$3.50	$3.50
Consultants		
Geochemical or Geophysical Exploration		
Mapping, Surveying or Prospecting		
Metal Mining		
Mineral Exploration		
2. HEAVY CONSTRUCTION AND TRUCKING	$5.50	$6.00
Blasting		
Bridge Construction, Road Making or Land Clearing		
Construction of Oil or Natural Gas Pipeline		
Construction of Transmission Lines		
Crane Operations		
Diamond Drilling		
Drilling or Servicing of Gas or Oil Wells		
Excavation, Waterworks or Sewer Construction		
Fabrication or Steel Erection		
Gravel Crushing or Stockpiling		

Installation or Removal of Boilers, Machines or Engines		
Moving Buildings		
Outfitting		
Pilot Car Service		
Placer Mining		
Seismic Geophysical Exploration		
Slashing, Staking or Line Cutting		
Trucking or Hauling		
Water Well Drilling or Digging		
General construction, Heavy, not elsewhere classified		
3. LIGHT CONSTSRUCTION	$4.50	$4.50
Air Services		
Concrete Construction, Masonry or Bricklaying		
Concrete Mixing Plants including Transit Operation		
Construction, Light, not elsewhere classified		
Diving		
Installation of Carpet, Linoleum or Ceramic Tile		
Installation or Repair of Elevators or Trailers		
Insulation of Buildings		
Logging, Log Hauling, Skidding or Sawmills		
Painting, Drywalling, Plastering or Lathing		
Roofing		
4. SPECIFIED TRADES	$3.00	$3.00
Electrical Contractors		
Farming		
Gas Line Stations		
Indian Bands		
Light & Power Operations or Line Construction		
Machine, Carpentry or Glazing Shops		
Mfg. of Explosives		
Mfg. or Installation of Heating, Air Conditioning Ventilation or Fire Sprinkler Systems		
Operation of Retail or Wholesale Lumber Yards		
Plumbing, Steam Fitting or Gas Fitting		
Sales and Service of Heavy Equipment		
Sales and Service of Household or Small Equipment		
Upholstering or Auctioneers		
Welding Shops or Portable Welding		
Wholesale Establishments		
Service Trades, not elsewhere classified		
5. GOVERNMENT	Deposit	Deposit
Government of Yukon		

6. SERVICE INDUSTRIES	$2.00	$2.00

Assaying
Boat Cruises
Bulk Oil Dealers
Bus Lines or School Buses
Catering
Commercial Salesmen
First Aid Attendants or Security Police
Funeral Homes
Hairdressers or Barber Shops
Homes for Children & Aged - Operation of
Hotels, Motels, Lodges, Cabarets or Lounges
Janitorial Services
Landscaping
Laundry and Dry Cleaning Plants
Locksmiths
Mfg. or Processing Food Products, Beverages, Clothing
Operation of Buildings or Trailer Courts
Printing, Publishing, Lithography or Engraving
Public Amusements, Private Clubs or Recreation Centres
Restaurants
Retail Sales
Sales, Service, Rentals and Repair of Vehicles
Taxis
Veterinarians
Service Industries, not elsewhere classified

7. PROFESSIONAL BUSINESS OR PUBLIC ADMINISTRATION	$0.80	$0.80

Churches, Libraries or Museums
Cities, Towns, Villages and Municipalities
Clerical Employees, supplied as a business service
Daycare, Associations or Societies
Insurance, Real Estate Companies, Chartered
Accountants, Lawyers, Medical, Dental, Optical
Clinics, Banks, Financial Companies or Stock Brokers
Radio, Television, Motion Picture, Production or Live Entertainment
Telephone Service
Travel Agencies
Unions
Profession or Business, not elsewhere classified

PARTICULARS OF INVESTMENTS AS AT DECEMBER 31, 1986

BONDS AND DEBENTURES		Par value	Cost or amortized cost
		(thousands of dollars)	
Government of Canada Bonds			
Series F97 10.000%	19951001	$ 1,000	$ 1,005
Series H12 11.500%	19931215	2,500	2,488
Series H26 Non-int	20061001	13,200	1,171
Series H3 10.750%	19930501	500	499
Series H61 10.250%	19920601	1,940	2,033
Series J2 9.500%	20011001	4,000	4,034
Series J24 10.250%	20040201	1,750	1,891
Series J41 13.000%	19900501	500	551
Series J42 13.000%	20010501	500	487
Series J58 13.750%	19890801	223	223
Series J82 15.000%	19920601	263	261
Series J95 11.750%	19921215	1,270	1,391
Coupons - Canada Series		30,543	5,918
Treasury Bills		3,925	3,858
		$62,114	$25,810
Provincial and Provincial guaranteed bonds			
B.C. Building Corp Ser BCD 15.500%	19870908	$ 2,700	$ 2,746
Hydro-Quebec 13.500%	19910924	500	499
Manitoba U.S.$ Ret 16/96 7.75%	20160717	2,350	3,216
New Brunswick 15.500%	19920630	250	250
New Brunswick Elec Pwr (ser 52) 11.750%	19930208	1,000	994
Nfld & Labrador Hydro Series Q 15.250%	19870915	1,500	1,502
Nova Scotia 12.000%	19931101	2,000	1,986
Nova Scotia 13.750%	19900501	313	310
Nova Scotia Power Corp Ret 91/86 15.500%	19911215	500	500
Ontario Hydro 10.750%	19881207	1,500	1,494
Quebec 13,250%	19931105	1,000	985
Quebec (Ext) 16.250%	19870322	500	505
Saskatchewan (Extendible) 13.375%	1986		
Saskatchewan Series JA 11.500%	198		
Societe Immobilaire Que 91/06 9.150%	19		
Corporate			
Int'l Bank Recons & Dev U.S. $ 8.25%	2016		
Loblaw Companies Ltd. Ret 10/93 9.750%	2001		
TOTAL INVESTMENTS			

RS OF INVESTMENTS
ECEMBER 31, 1986

Par value	Cost or amortized cost
(thousands of dollars)	
$ 1,000	$ 1,005
2,500	2,488
13,200	1,171
500	499
1,940	2,033
4,000	4,034
1,750	1,891
500	551
500	487
223	223
263	261
1,270	1,391
30,543	5,918
3,925	3,858
$62,114	$25,810
$ 2,700	$ 2,746
500	499
2,350	3,216
250	250
1,000	994
1,500	1,502
2,000	1,986
313	310
500	500
1,500	1,494
1,000	985
500	505

Saskatchewan (Extendible) 13.375%	19860401	500	500
Saskatchewan Series JA 11.500%	19881012	168	168
Societe Immobilaire Que 91/06 9.150%	19911117	920	920
		$15,701	$16,575
Corporate			
Int'l Bank Recons & Dev U.S. $ 8.25%	20160901	1,000	1,377
Loblaw Companies Ltd. Ret 10/93 9.750%	20010930	780	780
		1,780	2,157
TOTAL INVESTMENTS		$79,595	$44,542

YUKON WORKERS' COMPENSATION BOARD
STATEMENT OF TRANSACTIONS BY CLASS
AND OPERATING RESERVE
FOR THE YEAR ENDED DECEMBER 31, 1986
(Thousands of Dollars)

INCOME					EXPENSE													
CLASS	ASSESSMENT REVENUE	INTEREST	DEDUCT MERIT REBATES	NET REVENUE	COMPENSATION	MEDICAL AID	PENSION AWARDS	TOTAL CLAIM COSTS	DEDUCT CHARGES TO FUTURE CLAIM COSTS	DEDUCT CHARGES TO RESERVES	1986 CLAIM COSTS SETTLED	PROVISION FOR FUTURE CLAIM COSTS	PROVISION FOR RESERVES	INTEREST TRANSFERRED TO RESERVES	ADMINISTRATIVE EXPENSE	NET EXPENDITURE	1986 SURPLUS	OPERATING RESERVE JANUARY 1, 1985	OPERATING RESERVE DECEMBER 31, 1986
1	$961	$1,413	$21	$2,353	$214	$91	$18	$323	$165	$21	$137	$221	$ —	$1,232	$180	$1,770	$583	1,022	$1,605
2	1,521	2,298	136	3,683	169	110	172	451	164	160	127	209	—	1,610	228	2,174	1,509	4,574	6,083
3	506	891	50	1,347	73	34	144	251	46	137	68	109	—	724	83	984	363	1,083	1,446
4	544	463	86	921	108	44	2	154	33	42	79	125	—	373	99	676	245	524	769
Gov't	240	191	—	431	69	65	44	178	—	—	178	—	—	191	62	431	—	—	—
6	948	664	161	1,451	98	126	12	236	61	24	151	215	—	577	218	1,161	290	430	720
7	259	197	49	407	31	11	5	47	27	4	16	24	—	167	112	319	88	183	271
TOTAL	4,979	6,117	503	10,593	762	481	397	1,640	496	388	756	903	—	4,874	982	7,515	3,078	7,816	10,894

REPORT OF MANAGEMENT TO THE MINISTER

To: The Honourable R. Kimmerly
Minister of Justice
Government of Yukon

The accompanying financial statements and all information in the Annual Report are the responsibility of management and the Worker's Compensation Board. The financial statements were prepared by management in conformity with accounting policies appropriate in the circumstances. The non-financial information provided in the Annual Report has been selected on the basis of it's relevance to the Board's objectives and the extent to which reasonably precise measurement is practical.

The Board maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used efficiently to further the Board's aims.

The Board, through it's Audit Committee, is responsible for reviewing and monitoring the Board's management accounting and reporting practices. The Audit Commitee meets with external auditors to satisfy itself that these responsibilities are properly discharged.

The Auditor General of Canada annually provides an independent, objective, review of management's discharge of it's responsibility to report fairly the operating results and financial position of the Board in accordance with accounting policies deemed appropriate for the operations of the Board. The examination includes a review and evaluation of the Board's system of internal control and appropriate tests and procedures to provide reasonable assurance, in all material aspects, that the financial statements are presented fairly.

The Auditor General has full and free access to the Audit Committee and meets with it to discuss the results of the examination and the adequacy of financial and management controls.

Brian Booth
Chief Executive Officer

Joanne Ambrose
Director of Finance

YUKON WORKERS' COMPENSATION BOARD
ACTUARIAL OPINION

We have reviewed the liability for pensions payable under the Workers' Compensation Act. We have excluded the Supplementary Pensions payable under the Workers' Compensation Supplementary Benefits Act, as these are not the responsibility of the Compensation Fund.

In our opinion, the actuarial assumptions, and methods used, are appropriate for the purpose of the present valuation, and in accordance with sound actuarial principles and practice.

On this basis, the present value of the liability for existing pensions as at December 31, 1986, together with the cost of living increases which became effective from January 1, 1987, under the formula in the Act, was $11,653,000. As the Pension Fund on December 31, 1986 was $12,021,000, there was a surplus of $368,000, based on the Book Values of the assets.

WE RECOMMEND that this surplus should be retained in the Pension Fund as a margin against future increases in pensions.

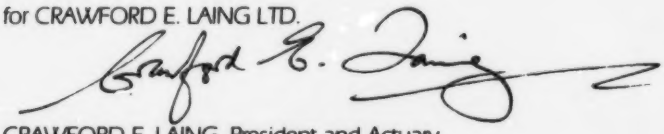
We are satisfied that the aggregate Future Claims Reserve of $8,152,000 (including the Provision for 1986 accidents of $903,000) is adequate on the basis of experience to date to meet both the future cost of reported claims, including possible further legislative improvements thereto, as well as the cost of possible unreported claims, in respect of accidents which have already occurred, and which will be charged to this Reserve, excluding amounts which will be the responsibility of the Special Reserves.

In our opinion, the Special Reserves totalling $19,410,000 make sufficient provision, in the light of the claims experience to date, for future costs in respect of:

(a) Disasters and catastrophes, in excess of the limits set for retention and stop-loss purposes;
(b) Industrial Diseases;
(c) Rehabilitation of injured workers;
(d) Enhancement of claims as a result of previous injuries; and
(e) Further legislative improvements, to the extent that these are not charged to the Future Claims Reserve.

In addition, the Operating Reserve of $10,894,000 is sufficient, in our opinion, to protect Employers against undue fluctuations in rates, arising from variations in claims experience in future years.

for CRAWFORD E. LAING LTD.



CRAWFORD E. LAING, President and Actuary — April 30, 1987

Fellow of the Canadian Institute of Actuaries,
Fellow of the Faculty of Actuaries in Scotland,
Fellow of the Conference of Actuaries in Public Practice,
Associate of the Institute of Actuaries,
Associate of the Society of Actuaries

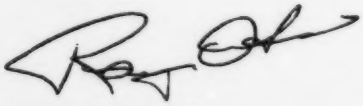
AUDITOR'S REPORT

To the Executive Council Member responsible for the
Yukon Workers' Compensation Fund

I have examined the balance sheet of the Compensation Fund (Yukon Territory) as at December 31, 1986 and the statements of income, expense and operating reserve and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1986 and the results of it's operations and the changes in it's financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Board, the financial statements are in agreement therewith and the transactions that have come under my notice have, in all significant respects, been in accordance with the Yukon Financial Administration Act and regulations and the Workers' Compensation Act and regulations.



Raymond Dubois, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 9, 1987

COMPENSATION FUND
(Yukon Territory)
Balance Sheet
as at December 31, 1986

ASSETS

	1986	1985
	(in thousands of dollars)	
Cash and short-term investments	$ 5,238	$ 4,200
Assessments receivable (Note 4)	914	582
Accounts receivable	89	114
Accrued interest receivable	914	757
Investments (Note 5)	44,542	38,366
	$51,697	$44,019

LIABILITIES

Accounts payable	$ 282	$ 92
Assessments refundable	338	419
Merit rebates payable	569	627
Future claim costs (Note 6)	8,152	6,853
Pension liability (Note 7)	12,021	10,738
Annuity liability (Note 8)	31	7
	21,393	18,736

RESERVES

Special (Note 9)	19,410	17,467
Operating	10,894	7,816
	30,304	25,283
	$51,697	$44,019

Approved by the Workers' Compensation Board

Brian Booth
Chairman

Gerry Dobson
Member

Tom Nunley
Member

COMPENSATION FUND
(Yukon Territory)
Statement of Income, Expense and Operating Reserve
for the year ended December 31, 1986

	1986	1985
	(in thousands of dollars)	
Income		
Assessments	$ 4,979	$3,842
Less: Merit rebates	503	728
	4,476	3,114
Interest	6,117	4,939
Supplementary compensation benefits recovered (Note 10)	307	304
	10,900	8,357
Expense		
Claim costs		
Compensation	429	429
Medical aid and travel	274	411
Pension awards	49	303
Annuity provisions	4	2
	756	1,145
Transfers to		
Future claim costs	903	1,029
Special reserves	—	985
	1,659	3,159
Allocation of interest	4,874	3,836
Administrative (Note 11)	982	836
Supplementary compensation benefits (Note 10)	307	304
	7,822	8,135
Net income for the year	3,078	222
Operating reserve		
at beginning of the year	7,816	7,594
at end of the year	$10,894	$7,816

COMPENSATION FUND
(Yukon Territory)
Statement of Changes in Financial Position
for the year ended December 31, 1986

	1986	1985
	(in thousands of dollars)	
Operating activities		
Net income for the year	$3,078	$222
Items not requiring an outlay of funds		
Transfers to:		
Future claim costs	903	1,029
Annuity liability	4	2
Pension liability	—	291
Special reserves	—	985
Allocation of interest	4,874	3,836
Increase (decrease) in accounts payable, assessments refundable and merit rebates payable	51	(278)
Increase in receivables	(464)	(72)
	8,446	6,015
Pensions and claims paid from:		
Future claim costs	478	432
Pension liability	629	625
Special reserves	125	156
	1,232	1,213
Funds provided from operating activities	7,214	4,802
Investing activities		
Increase in investments	6,176	4,431
Funds utilized for investments	6,176	4,431
Increase in cash and short-term investments	1,038	371
Cash and short-term investments		
at beginning of the year	4,200	3,829
at end of the year	$5,238	$4,200

COMPENSATION FUND
(Yukon Territory)
Notes to Financial Statements
December 31, 1986

1. AUTHORITY AND OPERATIONS

The Compensation Fund was established in 1973 by the Workers' Compensation Act and is administered by the Workers' Compensation Board pursuant to the Act.

The Fund provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers usually on the basis of their assessable payrolls reported, to meet all claim costs, administrative expenses and transfers to reserves.

2. ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with accounting principles considered to be appropriate in the circumstances. The more significant accounting policies of the Board are as follows:

(a) Allowance for doubtful accounts

An allowance for doubtful assessments receivable is provided for by charges against assessment income. Doubtful accounts are written off if deemed uncollectable.

(b) Investments

Investments are recorded at cost at the time of acquisition. Discounts or premiums are amortized over the term of the investment. Part of the investment portfolio has been designated to match the expected future payments of pensions.

(c) Future claim costs

In accordance with Section 57 of the Act, the estimated liability for future claim costs is based on the present value of expected future costs of claims in process, additional costs arising in future years in respect of awards already made, and accidents which have occurred but which have not been reported.

(d) Pension liability

The pension liability represents the capitalized value of future payments of pension awards. Except for pension awards provided from the special reserves when applicable, all pensions awarded for the current year's claims are provided for annually from operations and those awarded for prior years' claims are provided from the liability for future claim costs.

(e) Annuity liability

Amounts are set aside equal to ten percent of compensation paid to workers disabled after December 31, 1982 who have been on compensation for 24 consecutive months. These amounts will provide annuities for these workers at age 65 in accordance with Section 41 of the Act.

(f) Special reserves

Pursuant to Section 57 of the Act, special reserves are established by an annual appropriation from net assessment income of each industrial classification, based on claims experience. These reserves, and purposes, are as follows:

Disaster - to meet losses arising or likely to arise from disaster or other circumstances that would unfairly burden the employers in any class. In accordance with Board policy the amount of any individual claim cost in excess of established limits for each class is charged to the disaster reserve.

Rehabilitation - to meet expenses incurred in the rehabilitation of injured workers.

Enhanced disability - to meet the claim costs of disabilities aggravated by previous disabilities.

Industrial diseases - to meet the claim costs arising from industrial diseases.

(g) Operating reserve

In accordance with Section 57(1)(g) of the Act, this reserve is maintained to provide stability in the assessment rates for each class from year to year and represents the net credit balance of the industrial classes.

(h) Assessments and merit rebates

Assessment income is calculated on actual payroll costs as reported. Separate rates of assessment are established for each industrial classification sufficient to provide funds to meet all claim costs, administrative expenses and transfers to reserves.

Merit rebates are allowed to employers with favourable claims experience in the immediately preceding three calendar years. Merit rebates provided for at the year-end represent the estimated rebates to be allowed on claims experience for the three prior years.

(i) Claim costs

Claim costs are provided for in the year in which the accident occurs and comprise compensation, pension awards, medical aid and travel and transfers to future claim costs and special reserves. Pension awards are capitalized at an interest rate equal to the difference between the estimated annual rate of future interest earnings and the estimated annual rate of statutory cost of living increases.

(j) Allocation of interest income and administrative expense

Interest income, excluding interest from the designated investment portfolio for pensions which is allocated to the pension liability, is allocated to the other liabilities and reserves according to the mean balances for the year.

Administrative expense, net of income from penalties, is allocated proportionaltely to each industrial classification within the operating reserve.

3. ACTUARIAL VALUATION

An actuarial valuation of the Compensation Fund, which is required to be carried out at least triennially in accordance with the Workers' Compensation Act, was completed as at December 31, 1986.

4. ASSESSMENTS RECEIVABLE

Assessments receivable are recorded net of an allowance for doubtful accounts of $88,000 (1985 - $63,000). Accounts written off during the year amounted to $26,000 (1985 - $60,000).

5. INVESTMENTS

	1986		1985
	Par value	Amortized cost	Amortized cost
	(in thousands of dollars)		
Government of Canada			
Coupons	$30,543	$ 5,918	$ 7,216
Non-interest bearing bond	13,200	1,171	1,467
Interest bearing bonds	14,446	14,863	12,105
Treasury bills	3,925	3,858	2,278
Provincial and provincial guaranteed bonds	15,701	16,575	13,498
Other	1,780	2,157	1,802
	$79,595	$44,542	$38,366
Market value - December 31		$49,557	$42,798

Investments maturing within one year total $8,105,000 (1985 - $5,080,000).

The Government of Canada non-interest bearing bond matures in 2006, and the coupons mature in the years 1987 to 2007. The amounts to be amortized for these items will be credited to income as follows:

	(in thousands of dollars)
1987	$ 809
1988	773
1989	872
1990	983
1991	1,107
1992 - 2007	32,110
	$36,654

The amount to be amortized in this manner represents the difference between par value and amortized cost of the non-interest bearing bond and the coupons.

6. FUTURE CLAIM COSTS

	1986	1985
	(in thousands of dollars)	
Amounts provided		
By class	$ 903	$ 1,029
Allocation of interest	892	692
	1,795	1,721
Amounts applied		
Claim payments	478	432
Transfer to annuity liability	18	4
	496	436
Increase for the year	1,299	1,285
Balance at beginning of the year	6,853	5,568
Balance at end of the year	$8,152	$6,853

7. PENSION LIABILITY

	1986	1985
	(in thousands of dollars)	
Amounts provided		
Transfers from		
Special reserves	$ 263	$ 100
Operations	—	291
Allocation of interest	1,649	1,242
	1,912	1,633
Amounts applied		
Pension payments	629	625
Increase for the year	1,283	1,008
Balance at beginning of the year	10,738	9,730
Balance at end of the year	$12,021	$10,738

In addition to the amount transferred to the pension liability from operations, pension awards for current year's claim costs include lump sum payments of $49,000 (1985 - $12,000).

An actuarial valuation of the pension liability at December 31, 1986 using an interest rate of 2.0% (1985 - 2.0%) revealed a surplus of $368,000 (1985 - $812,000), after providing for the capitalized value of cost of living adjustments effective January 1, 1987.

Proposed amendments to the Workers' Compensation Act, which were given second reading on April 9, 1987, would provide benefits to remarried surviving spouses for life and extend the term of payments of benefits for dependent children. The additional pension liability which would arise from these amendments is estimated to be $1,815,000 which can be met from the future claim costs liability.

8. ANNUITY LIABILITY

	1986	1985
	(in thousands of dollars)	
Amounts provided		
Transfers from		
Future Claims Costs	$18	$4
Operations	4	2
Allocation of interest	2	1
	24	7
Balance at beginning of year	7	—
Balance at end of the year	$31	$7

9. SPECIAL RESERVES

(in thousands of dollars)

	DISASTER	REHABILITATION	ENHANCED DISABILITY	INDUSTRIAL DISEASES	1986 TOTAL	1985 TOTAL
Amounts provided						
By class	$ —	$ —	$ —	$ —	$ —	$985
Interest	805	612	431	483	2,331	1,901
	805	612	431	483	2,331	2,886
Amounts applied						
Claim payments	19	63	25	18	125	156
Transfer to pension liability	246	—	17	—	263	100
	265	63	42	18	388	256
Increase for the year	540	549	389	465	1,943	2,630
Balance at beginning of the year	6,094	4,563	3,220	3,590	17,467	14,837
Balance at end of the year	$6,634	$5,112	$3,609	$4,055	$19,410	$17,467

10. SUPPLEMENTARY COMPENSATION BENEFITS

Supplementary compensation benefits are granted, pursuant to the Workers' Compensation Supplementary Benefits Act, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the coming into force of the Act. The Act provides that any amounts of these benefits shall be reimbursed out of the Yukon Consolidated Revenue Fund.

11. ADMINISTRATIVE EXPENSE

	1986	1985
	(in thousands of dollars)	
Salaries and benefits	$736	$564
Rentals and supplies	116	107
Occupational health and safety	90	95
Professional services	66	58
Medical fees	19	20
Other	13	31
	1,040	875
Less: Income from penalties	58	39
	$982	$836

12. RELATED PARTY TRANSACTIONS

In addition to the supplementary compensation benefits disclosed in the financial statements and referred to in Note 10, the Board administers the compensation claims of employees of the Government of the Yukon for which it receives reimbursement of the claim costs and related administration expenses. These totalled $240,000 for 1986 (1985 - $192,000).